United States Department of Agriculture

Foreign Agricultural Service

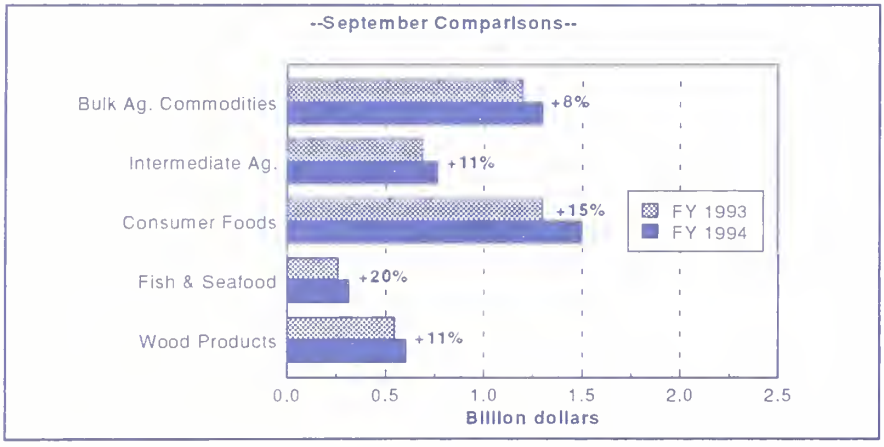
Circular Series

ATH 11-12 94
November-December 1994

Agricultural Trade Highlights

Exports Up 11 Percent in September

Consumer Foods Close Fiscal 1994 at New Record High



September trade statistics released on November 18 by the Commerce Department placed the value of U.S. *agricultural, fish, and forest product* exports at $4.5 billion, an 11-percent increase over last year. Agricultural exports alone totaled $3.6 billion, up 11 percent with exports of bulk, intermediate, and consumer-oriented products all gaining. September marks the fifth month in a row that consumer-oriented exports exceeded bulk exports, an unprecedented development. Fish and forest product exports totaled $927 million in September, up 14 percent from the same month last year.

September's shipments closed fiscal year 1994 with U.S. agricultural, fish, and forest product exports reaching a record $53.3 billion, $600 million higher than the previous record set in fiscal year 1993. Agricultural exports closed the year at $43.5 billion. Both consumer-oriented and intermediate products achieved all-time highs, while bulk commodities fell 5 percent. Exports of fish products remained unchanged, while forest products declined slightly.

At $1.3 billion, U.S. exports of *bulk commodities* increased 6 percent in September from last year. Sharp increases in soybeans, cotton, and wheat more than offset a 14 percent decline in coarse grain shipments. Bulk commodity exports in fiscal year 1994 fell 5 percent to $18 billion.

U.S. exports of *intermediate products* reached almost $770 million in September, up 11 percent from the same month last year. The month's most notable increases were registered in soybean oil, hides and skins, live animals, animal fats, and vegetable oils other than soybean oil. Intermediate product exports for fiscal 1994 were at $9.3 billion, their highest level ever and up 5 percent from fiscal 1993.

U.S. exports of *consumer-oriented products* totaled $1.5 billion in September, 15 percent ahead of the same month last year. Exports rose in most product categories. Double-digit increases were registered in exports of red meats, fresh fruit, poultry meat, wine and beer, pet food, breakfast foods, juices, eggs and products, fresh vegetables, and tree nuts. Fiscal 1994 consumer food exports reached a record high of $16.2 billion, up 11 percent over fiscal 1993 and clearly remaining the main engine of growth in U.S. agricultural exports.

At $317 million in September, edible *fish and seafood* exports increased 20 percent over the same month last year. Fiscal 1994 exports of fish and seafood products closed off 1 percent, amounting to $2.9 billion. U.S. *forest product* exports rose to $610 million in September, up 10 percent from the previous year. For fiscal 1994 U.S. exports of forest products fell 5 percent from the same period last year with shipments totaling $6.9 billion.

On November 29, the World Agricultural Outlook Board released its fiscal 1995 trade forecasts. Agricultural exports are expected to reach $45 billion, up $2 billion from the last forecast and surpassing the previous record $43.8 billion set in 1981. The import forecast was increased $500 million to a new record $28 billion.

Note to Subscribers: ***This is dated November-December 1994 so that future issues beginning next year will carry the actual date of publication. Annual subscribers will still receive a full series of 12 issues. The next issue will be published as scheduled in January 1995.***

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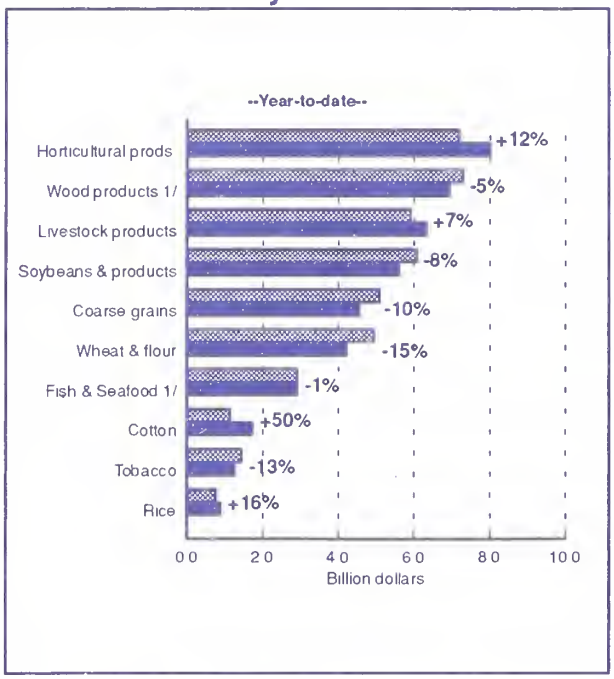

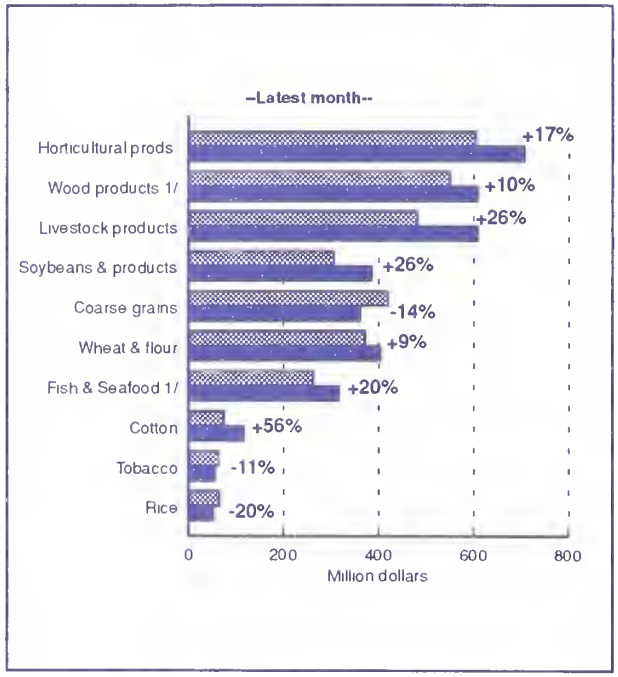

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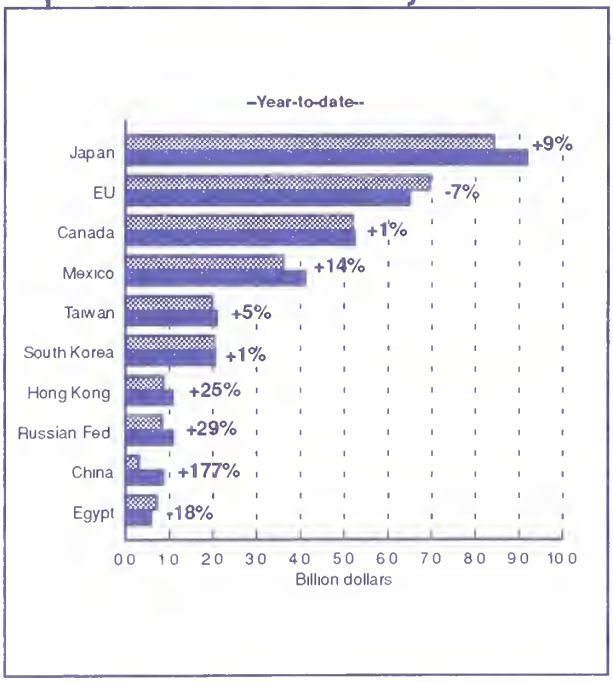
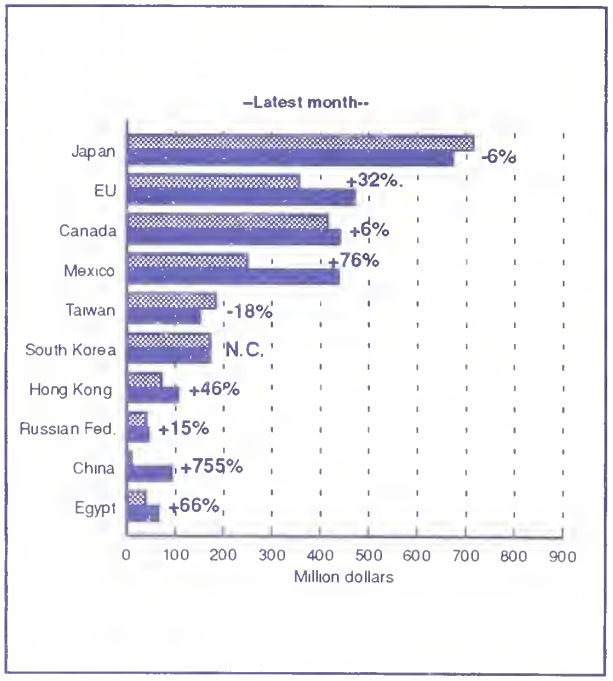




Note: Percentages are computed as the change from a year ago.
1/ Not included in agricultural totals.

Consumer Food Highlights

At $12 billion for the first three quarters of calendar 1994, U.S. consumer food exports are 12 percent ahead of last year's record-setting pace. The leading categories highlighted this month showing double-digit growth are snack foods, fresh fruit, wine & beer, breakfast foods and eggs & products.

Chilled and frozen red meat exports totaled $2.4 billion for the first nine months of 1994, 6 percent ahead of the same period last year. Japan is the top market for U.S. red meat with an export share of 59 percent and sales of $1.4 billion. Mexico has emerged as the new number two market surpassing Canada with sales up 46 percent to reach $309 million. At this growth rate, red meat sales to Mexico could exceed 1992's $396 million record sales level by the end of this year. South Korea also registered significant gains, rising 43 percent above last year's level. The growing market in South Korea has been attributed to trade liberalization, rising domestic beef prices, and increased demand.

Fresh fruit exports reached $1.5 billion for the first nine months of this year, 15 percent higher than last year at this time. While exports to Canada are off slightly, export growth in Mexico and Asia is sharply higher. Sales to Mexico have already reached an all-time high of $130 million, up 78 percent from the previous year. Apples and pears account for most of the growth. The high double-digit growth in exports to the ASEAN-4 countries is also due to increased apple exports.

Exports of *processed fruit and vegetables* totaled $1.2 billion in the first nine months of 1994, slightly ahead of last year's record. Canada and the EU are the major markets. However, most of the sales growth is coming from Asia and Mexico, driven by sweet corn and frozen french fries. Frozen strawberry and prune exports to Japan and raisin exports to Hong Kong are also increasing. Other growth markets in Asia are South Korea and Singapore.

Exports of *snack foods* reached $776 million in the first nine months of 1994, an 11-percent increase over last year's record setting pace. Driving the sales growth of snack food is exceptionally strong demand for chips and for confectionery products 39-percent and 10-percent growth rates, respectively. Chip sales have reached $172 million and are poised to surpass 1993's annual record high of $176 million. Annual records have already been set in the EU, Mexico, Japan and Hong Kong. Confectionery sales have reached nearly $400 million. Canada remains the largest market with a 34-percent export share even though sales are off 3 percent this year. There has been strong sales growth to Russia. However, most sales occurred earlier this year. Annual records have already been established in the Philippines and Taiwan, while exports to Hong Kong have grown by 25 percent.

Dairy product exports totaled $552 million during the first nine months of 1994, a 12-percent decline over the same period last year which ended in record export sales. This decline is almost entirely due to a sharp drop in dry milk powder sales to Mexico caused by a delay in implementing the Dairy Export Incentive Program earlier this year.

Wine and beer exports have already reached an all-time high of $395 million in the first nine months of 1994, up 35 percent from the previous year. Most of the growth is centered in Asia and North America. Exports to Japan lead the category, totaling $143 million so far this year and up 125 percent over last year. Increased demand for beer accounts for most of the growth, with beer exports totaling $126 million during the first nine months. Beer exports to Canada, Mexico, Hong Kong, and Taiwan have all shown modest growth. Wine sales have been steady in most parts of the world except for Japan, which has seen an increase of $3.2 million over last year.

Breakfast food exports reached $216 million during the first nine months of 1994, a 17- percent increase compared to last year at this time. North America remains the largest market with exports to Canada at $87 million and exports to Mexico growing to $29 million. Both countries are on pace to surpass existing all-time highs. Exports to Asia have experienced extraordinary growth, reflecting changing diets in Asia as the younger generation increasingly adopts western style breakfasts. Japan and Singapore have already exceeded last year's records, growing at 67 percent and 59 percent, respectively.

Exports of *nursery products and cut flowers* amounted to $147 million during the first nine months of 1994, down 11 percent from last year at this time. A drop in foliage exports to the EU accounts for most of the decline. The Canadian market remains stagnant at $82 million. Exports to Mexico have risen 25 percent over last year to $9.5 million, with most of the growth coming from increased demand for cut flowers and rose plants. Exports to Central and South American countries are growing with rose plants and foliage as the driving forces.

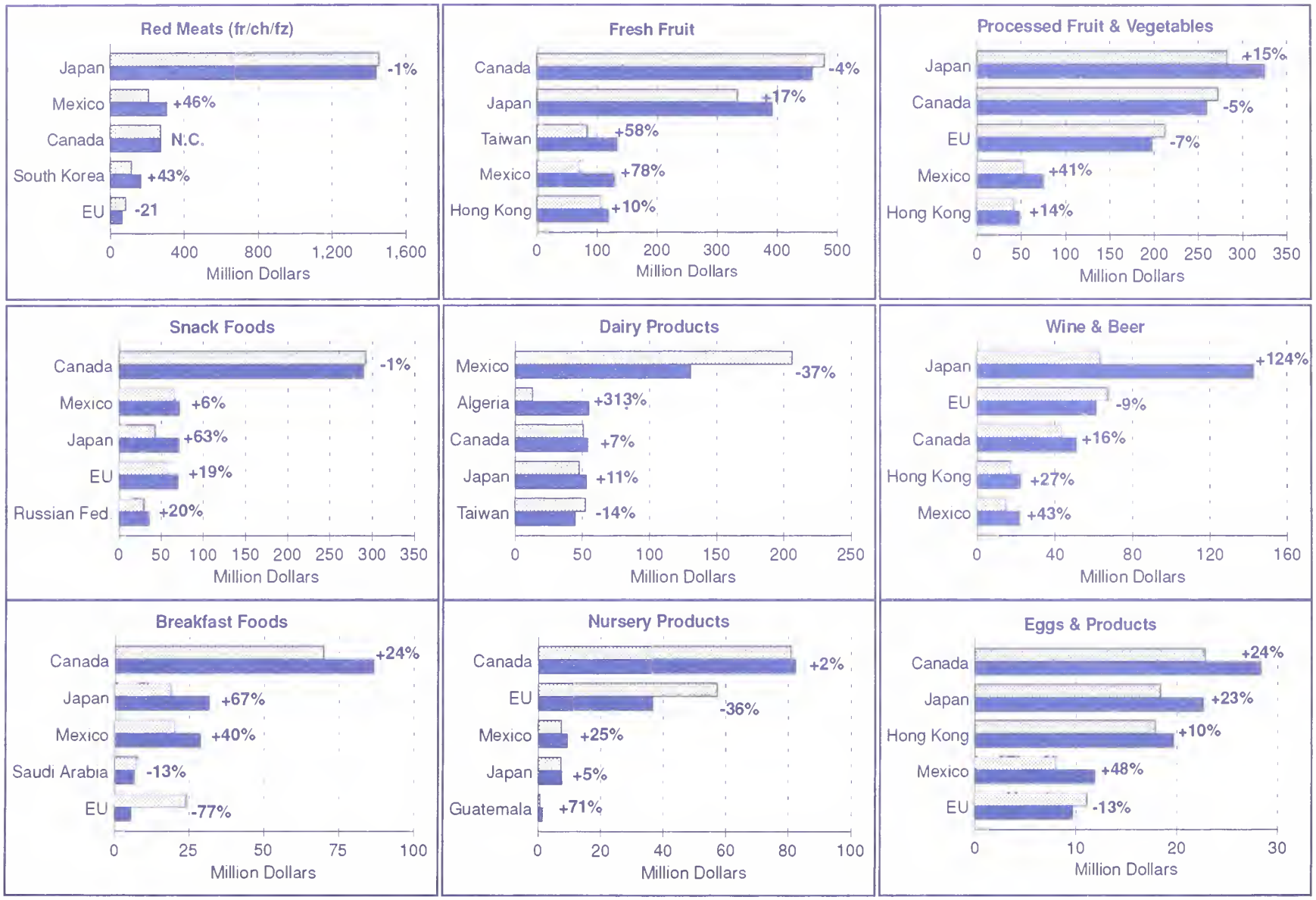
Exports of *eggs and products* totaled $119 million during the first nine months of 1994, an 18-percent increase over the same period last year. Hatching and table eggs account for two-thirds of total U.S. exports in this category. U.S. hatching eggs, which are used for both breeding purposes or to grow out as broilers for slaughter, are mainly exported to Canada, Jamaica, Mexico and the EU. About 70 percent of U.S. table egg exports are shipped to Hong Kong and the Middle East under the Export Enhancement Program.

For more information, contact Robert Tse at (202) 720-1034.

Top Five Markets for Selected U.S. Consumer Foods

January Through September Comparisons

CY '93 CY '94



Percentages are computed as the change from 1993 to 1994. Countries are ranked from highest to lowest based on full CY 1993 exports.

Country Spotlight: Hungary

The ten million citizens of Hungary make up an important market in the immediate future for U.S. firms interested in penetrating Central and Eastern Europe. Even though the U.S. share of the market is relatively small at $10 million, early penetration of the Hungarian market could serve as a springboard to other countries in the region that are developing more slowly but hold long run potential. U.S. consumer food sales in Hungary should benefit from the changing eating patterns caused not only by shifting economic and political systems but an upheaval of the entire social structure.

By Carmi Lyon

Hungary is one of the best short run market prospects in Central and Eastern Europe because its economy and retail infrastructure are among the most advanced in the region. As other Eastern European nations become economically stronger and better prospects for U.S. consumer foods, U.S. exporters will be able to use existing ties with Hungarians to further their interests in neighboring countries.

Trading relationships, although weakened, continue between former COMECON countries. Additionally, three million ethnic Hungarians live outside of Hungary, including two million in Romania. Since the fall of Communism, ethnic Hungarians have been free to travel to and from Hungary and often do so because of limited availability of goods in their home country. Products sold in Hungary are often introduced to neighboring countries in this manner.

U.S. Exports Respond to Political Changes in Hungary

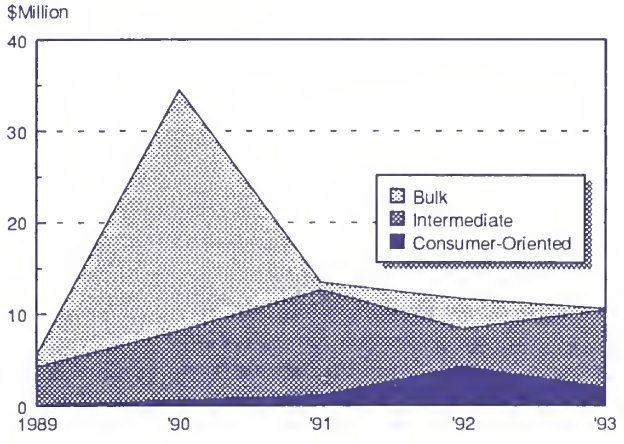
Exports of agricultural, fish, and forestry products from the United States have more than doubled since Hungary's political changes in 1989, totalling $12.8 million in 1993. Consumer-oriented products have risen from $53,000 in 1989 to over $4.3 million in 1992. After a decline in 1993, consumer product exports are on target to reach $4 million in 1994. Categories achieving increases over this period include snack foods, processed fruit and vegetables, wine and beer, and pet foods. U.S. forest product exports have also increased dramatically. Exports have risen from $3,000 in 1989 to over $2 million in 1993, with panel products accounting for most of this product category.

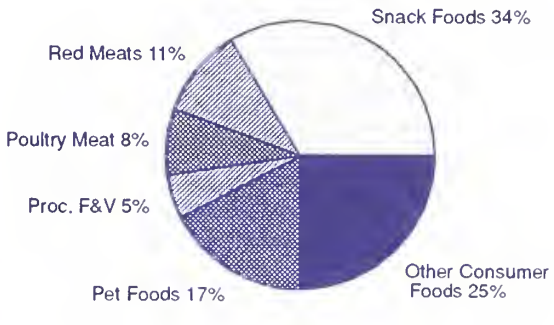
Sales of intermediate goods have fluctuated in recent years, ranging from $4 million in 1989 to $11.5 million in 1991. Soybean meal, hides and skins, and planting seeds account for most of the change. Sugars, sweeteners, and beverage bases have increased every year, reaching a record half-a-million dollars in 1993. Sales in 1994 are on pace to beat this record. Bulk product exports have been relatively small except for a large corn sale in 1990 and a cotton sale in 1992, which was stimulated by the GSM export credit guarantee program. The United States has exported only a small amount of fish to Hungary in the past five years.

The Hungarian economy has struggled with inflation and unemployment since economic transformations began. Removal of consumer subsidies caused high inflation, especially in food products, although now inflation is beginning to stabilize. The transformation from a command

U.S. Agricultural Exports to Hungary Have Been Erratic

Snack Foods Lead Consumer Food Exports So Far in 1994





Based on Jan-Sep 1994 data

economy to a price responsive market has caused high unemployment. Over-employed industries laid off workers while new employment opportunities did not materialize as rapidly as the government hoped.

USDA's Economic Research Service (ERS) is predicting that recent declines in agricultural production and consumption in Central and Eastern European countries will reverse by the end of the decade as these problems are resolved. Stimulation of Hungary's market economy has proceeded at a quicker pace than most other Central and Eastern European economies, and ERS experts predict positive growth rates within the next year or two.

EU Provides Tough Competition

In 1992, Hungary imported $595 million in agricultural products. The major import categories were fruits, vegetables, nuts, and feedstuffs. The United State's share of the total import bill was almost 2 percent. The European Union had the largest share of the Hungarian agricultural import market at 50 percent.

The large EU share of the Hungarian market may be in large part due to the establishment of Western European business chains, tourism, and trade liberalization proceeding with the intent of future membership in the EU. The Austrian chain Julius Meinl has established itself as the premier grocery store in Budapest and is spreading into other metropolitan areas. Western European products are readily available through these and other stores. German and Austrian tourists flock to Hungary's Lake Balaton, the largest lake in Central Europe, because it is an inexpensive vacation destination. The Balaton region sucessfully caters to the demands of Western European tourists, going so far as having street signs in German as well as Hungarian. Hungary applied for membership in the EU in April 1994. With the optimistic goal of accession by 2000, Hungarian trade and agricultural policies have already begun to imitate EU programs.

In the long run, the Hungarian food processing industry may be an aggressive international competitor. Hungarian food processors are the most modern of the former East Bloc countries although they are well behind Western standards in areas such as quality control and marketing. These concepts will become more automatic as Hungarian businesses continue to adapt themselves to the free market. Already a small number of Hungarian food processors have implemented Total Quality Management and have educated employees on ISO-9000, an internationally recognized quality program. These firms will lead the Hungarian food processing sector into a more efficient and competitive position in the future.

Although the Europeans provide stiff competition, niches exist for American foods. Hungary has been bombarded by American pop culture, creating an interest in U.S. food products. Products such as popcorn, corn on the cob, candy bars, soft drinks, chewing gum, and breakfast cereals have benefited from the mania. U.S. fast food chains have proliferated in Budapest. Heavy advertising by Pepsi and Coca Cola as well as the popularity of American movies (especially Disney) also have contributed to the infusion of American pop culture.

Economic and Political Changes Affect Eating Habits

Revolutionary changes in the economy are also causing drastic social changes. The pace of life has quickened as the certainties of a planned economy disappear and are replaced with a more unpredictable market economy. These changes translate into shifts in eating patterns, food preparation, and food shopping.

Typical meals are long, drawn out affairs with an abundance of food. Lunch has traditionally been the main meal of the day, similar in size to dinner in the United States. Under the Socialist system every workplace had a cafeteria for its employees, making it possible for most workers to have long and large cooked meals. As companies restructure, they cannot afford to provide these benefits for their employees and are eliminating cafeterias.

Reduced access to affordable noon meals coupled with the fact that the faster paced market economy allows less time for employees to take leisurely lunches will likely cause a shift toward shorter, lighter noon meals and heavier evening meals. Hungarians will be packing lunches from home or resorting to fast food. Breakfasts of meats, cheeses, and breads will be saved for lunch while consumers look for alternatives to the traditional breakfast.

Budapest is the Hub of Hungarian Economic Growth

The two million residents of Budapest make up Hungary's most attractive geographical market segment. Budapest is the economic, political, cultural, and transportation center of Hungary with low unemployment and widespread affluence. While national unemployment hovers at 12 percent and reaches extremes of over 40 percent in the countryside, the unemployment rate in Budapest is only 6 percent. An example of the dichotomy in incomes between Budapest and the countryside is microwave ownership. According to one Hungarian source, approximately 30 percent of households in Budapest own microwaves while in the countryside the number is much lower. Hungarians living in all regions of the country travel to Budapest often to do shopping and business. Transportation of goods to other cities must go through Budapest because both rail and roadway systems are set up on the spoke and wheel system with Budapest as the hub.

U.S. Programs Develop Business Skills and Opportunities

U.S. programs have been implemented that focus on helping Hungarian business people adjust to the changes from a state economy to a market economy. These programs also foster trading and investment relationships between Hungarian and U.S. firms. FAS has sent two missions of U.S. agribusinesses to Hungary to identify business opportunities, one in May 1993 and another in January 1994. The program matches newly privatized Hungarian agribusinesses with interested U.S. companies, ranging from trading companies to those involved in technology transfer. Approximately one-third of the companies involved in the program have initiated business relationships. Future business missions are planned.

During the second mission, FAS cooperated with Agricultural Cooperative Development International (ACDI), which has a similar program matching Hungarian agribusinesses with U.S. companies funded by U.S. Agency for International Development. ACDI continues to solicit U.S. firms who would be interested in traveling to Hungary and establishing business relationships with Hungarian firms. For more information on ACDI's program, contact Michael Feldtmose at (202) 638-4661. For more information on FAS programs in Hungary contact Maria Nemeth-ek at (202) 690-1983.

These changes will expand the markets for breakfast foods, cereals, chips and other packable snacks, and shelf stable lunch meats. Salamis and other processed meats are staples in the Hungarian diet, but most do not have a shelf life beyond one week. Variety meats such as tripe, brain, and liver are also incredibly popular and common in food service and at home.

Fast food restaurants in Budapest, such as McDonald's, Wendy's, Burger King, Pizza Hut, and Kentucky Fried Chicken, are set to capitalize on these social changes. In many of these restaurants, the majority of current customers are U.S. expatriates or Western Europeans. However, typical McDonald's customers are Hungarians under age 35, often coming at breakfast time for hamburgers. McDonald's has expanded rapidly, with at least eight stores outside of Budapest. Pizza Hut has also tailored its product to the Hungarian market, offering toppings such as corn, paprika, and traditional salamis.

Between meals, Hungarians are beginning to discover snack foods. Snacking was not common in the past, but the arrival of popcorn has changed that fact. Popcorn vendors have moved beyond the movie theaters to the streets and subway stops of Budapest, hawking bags of fresh, buttered popcorn like newspapers. Although Hungarians enjoy their ice cream, they prefer salty snacks and do not like excessively sweet foods. Vendors selling corn on the cob like ice cream bars are common in Budapest. Pumpkin and sunflower seeds are popular at sporting events. The potential for snack foods, such as nuts and mildly sweet cookies and yogurt, will only continue growing as Hungarians discover the snacking habit.

Food Preparation and Shopping Habits are Changing

The realities of life in a market economy have forced many people in Budapest to hold more than one job. Although women took advantage of guaranteed equal employment under the Socialist system, Hungarian women were and still are expected to do all of the cooking and other household chores. The amount of time that a women has for cooking a meal from scratch has been greatly reduced. According to a recent survey by a Hungarian university, one of the most important factors affecting food purchases was the ability to prepare meals quickly at home. As incomes rise, the potential for all kinds of frozen meals and convenience foods will also increase.

In Budapest most food is purchased in small lots every two or three days from small grocery stores located in each neighborhood. Refrigerators and kitchens are half the size of the U.S. versions and people usually walk to the store, often stopping off on their way home from work. Food portions and packaging should account for these realities by being small enough to carry home and store in limited spaces. Grocery store hours are limited to 7 am to 7 pm Monday through Friday and Saturday mornings. To compensate for limited shopping time a new type of food store, called the 'non-stop', has come into existence. These stores are open 24 hours, 7 days a week and are usually no larger than 200 square feet. Non-stops do not replace the traditional grocery store but have become an important venue for snack foods and alcohol.

Change is the operative word in both the Hungarian economy and society. What better opportunity to introduce new U.S. food products than when tastes have been liberated?

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U.S. Exports of Agricultural, Fish & Wood Products to HUNGARY

Calendar Years 1989 to 1994 and Year-to-Date Comparisons
(Thousands of Dollars)

Product	Calendar Years					January-September		%
	1989	1990	1991	1992	1993	1993	1994	Chg
Bulk Agricultural Total	1,366	26,396 *	902	3,331	140	119	913	667.2%
Wheat	0	0	0	0	0	0	0	NA
Coarse Grains	0	26,296	0	7	5	5	0	-100.0%
Rice	1,337 *	0	832	840	0	0	0	NA
Soybeans	0	0	0	0	0	0	0	NA
Cotton	0	0	0	2,102	0	0	0	NA
Tobacco	0	0	0	0	0	0	795	NA
Pulses	0	100 *	70	0	50	50	7	-86.0%
Peanuts	0	0	0	360 *	0	0	77	NA
Other Bulk Commodities	29	0	0	22	86 *	65	34	-47.7%
Intermediate Agricultural Total	4,178	7,472	11,463	4,079	8,407	7,466	4,311	-42.3%
Wheat Flour	0	0	0	0	4	4 *	0	-100.0%
Soybean Meal	0	0	0	0	3,172	3,172	0	-100.0%
Soybean Oil	0	0	0	0	0	0	0	NA
Other Vegetable Oils	0	0	126 *	89	96	42	90	114.3%
Feeds & Fodders (excl. pet foods)	0	0	0	0	0	0	60	NA
Live Animals	295	2,216	2,500	2,410	1,594	1,317	638	-51.6%
Hides & Skins	871	652	208	84	762	718	446	-37.9%
Animal Fats	0	108 *	0	0	0	0	0	NA
Planting Seeds	1,725	3,363	7,927	290	1,047	936	1,871	99.9%
Sugars, Sweeteners & Bever. Bases	0	0	91	164	585 *	486	528	8.6%
Other Intermediate Products	1,287	1,134	610	1,042	1,147	791	679	-14.2%
Consumer-Oriented Agricultural Total	53	648	1,108	4,253 *	2,027	1,399	2,778	98.6%
Snack Foods (excluding nuts)	0	0	655	693	462	379	932 *	145.9%
Breakfast Cereals & Pancake Mix	0	0	0	7	36 *	36 *	23	-36.1%
Red Meats, Chilled/Frozen	6	497	20	1,848 *	199	169	283	67.5%
Red Meats, Prepared/Preserved	0	0	0	116 *	14	14	18	28.6%
Poultry Meat	0	0	20	6	106	76	221 *	190.8%
Dairy Products	0	0	4	38	25	11	0	-100.0%
Eggs & Products	0	0	0	253	7	4	273 *	6725.0%
Fresh Fruit	0	0	0	3 *	0	0	0	NA
Fresh Vegetables	0	0	0	0	0	0	0	NA
Processed Fruit & Vegetables	11	15	73	233	370 *	271	146	-46.1%
Fruit & Vegetable Juices	0	0	73 *	0	3	3	0	-100.0%
Tree Nuts	0	59	3	0	84	0	0	NA
Wine and Beer	0	0	53	43	147 *	147 *	95	-35.4%
Nursery Products & Cut Flowers	0	3	0	0	25 *	25 *	17	-32.0%
Pet Foods, Dog/Cat	0	0	0	36	322	199	480 *	141.2%
Other Consumer-Oriented Products	36	74	207	977 *	227	65	289	344.6%
Wood Products Total	3	389	189	482	2,256 *	1,797	889	-50.5%
Logs	0	0	0	34 *	0	0	0	NA
Lumber	0	62	0	23	0	0	0	NA
Plywood & Panel Products	0	108	189	360	1,638 *	1,201	670	-44.2%
Other Wood Products	3	219	0	65	618 *	597	219	-63.3%
Fish & Seafood Products Total (Edible)	28	0	0	31 *	0	0	15	NA
Salmon, Whole/Eviscerated	0	0	0	31 *	0	0	15	NA
Salmon, Canned	0	0	0	0	0	0	0	NA
Crab & Crabmeat	0	0	0	0	0	0	0	NA
Surimi (fish paste)	0	0	0	0	0	0	0	NA
Roe & Urchin	0	0	0	0	0	0	0	NA
Other Edible Fish & Seafood Products	28	0	0	0	0	0	0	NA
Agricultural Product Total	5,597	34,516	13,473	11,663	10,574	8,984	8,002	-10.9%
Agricultural, Fish & Wood Product Total	5,628	34,905	13,662	12,176	12,830	10,781	8,906	-17.4%

Note: (*) Highest export level since at least 1970.
Source: Trade & Marketing Analysis Branch, TEAD\ITP\FAS

Product Spotlight: Fresh Vegetables

Fresh vegetable exports from the United States reached a record $986 million in 1993. While Canada continues to be the largest international buyer of U.S. produce, lower sales to Canada this year have caused a slight dip in overall U.S. fresh vegetable shipments. The real engines of growth for the category lately have been markets such as Japan, Hong Kong, and Mexico. The strongest product showings have been broccoli, cauliflower, asparagus, onions, and lettuce. Greater market and product diversification, along with recovery of Canadian sales, could push U.S. fresh vegetable exports towards the $1.5 billion threshold by the end of the decade.

By Karen Halliburton

Vegetable consumption around the world has traditionally been of local produce. Only since the mid-1970s did the U.S. produce trade begin to take on an international flavor. Exports now add nearly a billion dollars to U.S. industry sales annually and reach markets from Asia to Europe.

According to the Food and Agricultural Organization of the United Nations, global trade of vegetables has nearly doubled since the mid-1980s. While sizable demand from the U.S. market tends to absorb much of domestic supply, roughly 10 percent of fresh vegetable production in the United States is exported. The share is much higher for growth items such as broccoli, cauliflower, and asparagus, in which 20 to 35 percent of production is exported.

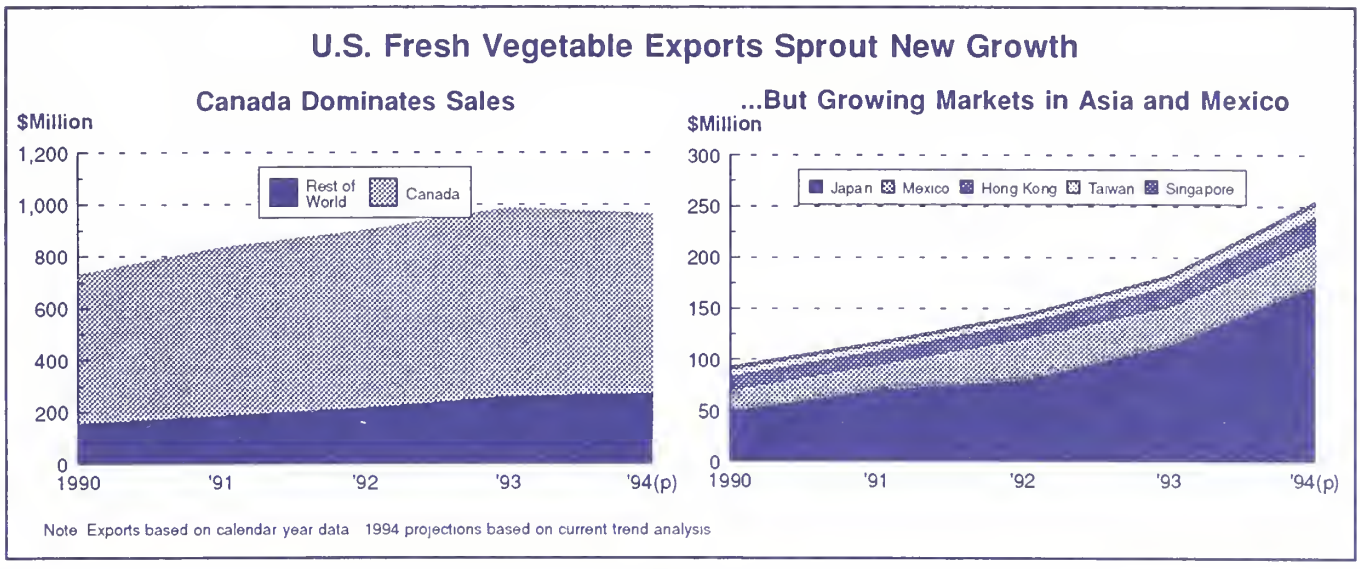
For the first three quarters of this year, U.S. fresh vegetable sales in six of the top ten export markets are either already at or on their way to new records in 1994. At the core of international growth has been increased consumer demand for year-round access to fresh produce, no matter what the season or what havoc weather conditions play on local crops. Opportunities have stemmed from U.S. climatic advantages and counter-seasonal production. The growth of the middle class across Asia and Latin America has also fueled demand.

Technological advances in packaging have extended product shelf life and the advent of refrigerated container surface shipping has lowered historically high freight costs associated with air transportation of perishable vegetable products. Still, protection of foreign produce markets from imports via high tariffs and non-tariff barriers continues to restrain export growth.

Sales to Canada in a Slump

Canada is the primary export outlet for the U.S. fresh vegetable industry. The market represented a record $724 million in exports last year, nearly three-quarters of global U.S. sales. Canadians are hearty vegetable eaters, boasting one of the world's highest per capita consumption levels. Accordingly, the produce department is the largest section of a typical Canadian supermarket, and the largest profit earner as well. However, because the country's harsh climate allows for only a short growing season, imports are necessary to meet demand. In fact, U.S. fruits and vegetables accounted for approximately 40 percent of Canada's agricultural imports in 1992.

Recent trends supporting vegetable consumption in Canada have been



increased awareness of diet and health, greater demand for convenience products, and a growing concern for food safety. Pre-cut produce, such as peeled baby carrots and packaged salads, have become popular among higher-income consumers with less time to prepare meals. Organic produce also appeals to consumers who can afford to be selective about the way their vegetables are grown. While all this sounds familiar to U.S. marketers, Canadians are generally more conscious of the appearance of their produce than U.S. consumers and are often willing to pay more for product freshness and quality.

Unfortunately, U.S. sales to Canada have been sluggish this year. A weakened Canadian dollar and the economy's lagging recovery from recession have been the leading causes, affecting consumer food imports across the board. U.S. vegetable exports to Canada are down nearly 15 percent for the first three quarters of 1994 compared to the same time last year, with double-digit declines in most vegetable products. While Canada may not be a high-growth market in the short term, its size and proximity secure its place as a major importer of U.S. vegetables.

Vegetable Import Boom in Japan

Japan has been one of the main driving forces behind the sales of U.S. fresh vegetable exports this year. Sales have more than tripled in value since 1989, reaching a record $131 million as of the third quarter of this year. At this pace, U.S. fresh vegetable exports to Japan could reach $170-200 million by the end of 1994.

Japan's fresh vegetable import boom began in 1991 when a series of typhoons devastated the country's domestic vegetable production. The high domestic prices which resulted provided a window of opportunity for more competitively priced imports. Japan's unpredictable climate will likely continue to cause difficulties for domestic vegetable growers which supports an increasing reliance on imports over the long run. The United States currently enjoys a 20-percent share of the Japanese fresh vegetable import market. Other competitors include China, New Zealand, and Mexico with no one country dominating the market.

"Broccoli sales to Japan are already at a new record of $30.6 million...."

This year's nine-month export figures indicate impressive growth rates for a number of U.S. vegetables in Japan. Broccoli sales to Japan are already at a new record of $30.6 million, up 78 percent from the same period in 1993. At a record $24.7 million, cauliflower sales are nearly twice their level this time last year. Japan continues to be the largest market for U.S. asparagus, with a record $40.4 million in sales so far this year. The FAS Agricultural Affairs office in Tokyo predicts the strongest long-term growth potential for U.S. broccoli and asparagus. This is due to the growing popularity of these products with Japanese consumers and their moderate price which is additionally supported by a strong yen.

Although growth has occurred this year, the extended outlook is less promising for U.S. onions because of their susceptibility to changing Japanese supply conditions caused by weather problems. Large-sized domestically-produced onions are in short supply in Japan this year because of little rainfall during the normal rainy season followed by an unusually hot summer. Japanese processors quickly turned to U.S. sources for availability at a more reasonable price. Nearly $17 million in fresh onions have been sold so far this year. Both shallots and onion sets are showing growth.

Lettuce exports this year are expected to top their 1993 record of $5.7 million, with shipments currently 25 percent ahead of the same time last year. Although demand for U.S. lettuce also depends on fluctuations in local supply, persistent difficulties with local crops indicate longer-term growth prospects. The low U.S. price and strong Japanese demand for lettuce further support U.S. expansion. While greater potential exists for leafy vegetables in general (i.e., spinach and lettuce), the risk of shipping such perishable products and inspection delays and fumigation at the port are problematic. One industry source estimates that half of all imported lettuce is fumigated, damaging between 60 and 80 percent of the product before it even reaches the buyer.

Quality and Safety are Paramount in Japan

Produce quality is more of an issue in Japan than it is in the United States. First, the top U.S. grade often is not good enough for Japanese standards because it still allows for variation in size, blemishes, and uneven coloring. Packaging must be exceptional as well.

Misconceptions by Japanese consumers about U.S. pesticide standards also continue to persist. Over the years, domestic agricultural interests have worked to convince the public that imported produce is less safe than Japanese products. Actually U.S. pesticide regulations are much more restrictive than in Japan and much more tightly enforced. Although, most importers appreciate the reliable quality and safety of U.S. products, U.S. exporters will continue to face the challenge of altering public perception.

Domestic producers have reacted to consumer safety concerns with the development of organic products. According to the FAS Agricultural Affairs office in Tokyo, Japanese industry sources estimate the market for organic fruits and vegetables has grown 20-30 percent over the last decade, with annual retail sales possibly reaching $500 million this year. Everyone from the largest supermarket chains to mail order catalog companies now sells organic products.

Although imported produce has played only a small part of the organic sector's growth, a number of fresh organic vegetables which are not restricted from importation have gained popularity in Japan. These items include carrots, onions, lettuce, spinach, cucumbers, green peppers, and pumpkins. Activities already taking place include that of U Co-op Kanagawa which air freights organic broccoli from the United States, and Jun Trading which imports organic U.S. onions and kabocha pumpkins.

New labeling guidelines which went into effect in the spring of 1993 were the first regulatory move by the Japanese government to establish a definition for organic produce. Although six organic product classes were introduced, enforcement of the new rules has been inconsistent, and the guidelines have not yet been applied to imports. However, adherence to Japanese specifications is recommended to smooth the process.

Growing Demand in Other Asian Markets

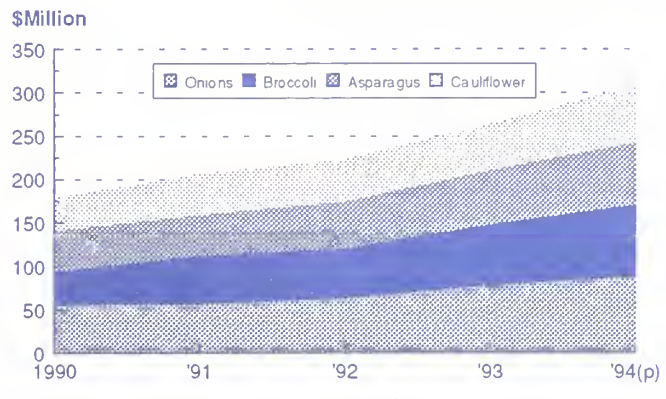
Hong Kong, Taiwan, Singapore, and, surprisingly, Korea have led U.S. export growth in the rest of Asia this year. Exports to Hong Kong (mostly tomatoes, onions, lettuce, and celery) have already reached a new record of $21.3 million so far this year, up from $14 million just three years ago. Lettuce sales have been particularly strong, with shipments approaching a new record high of $11 million. Smaller-based gains have been made in broccoli and cauliflower, at records of $3 million and $1.4 million, respectively.

According to U.S. Agricultural Trade Office in Hong Kong, U.S. vegetables have a well established reputation for consistent quality and reliable supply. Imported produce is growing so rapidly that existing wholesale market facilities cannot handle the volume of trade. New wholesale markets are planned for Kowloon and Hong Kong Island to centralize activities. Although traditional wet markets and hawkers continue to account for the majority of vegetable sales in Hong Kong, supermarket sales are growing. Japanese-owned supermarkets and one-stop shopping department store/supermarkets reportedly offer good opportunities to introduce new produce products.

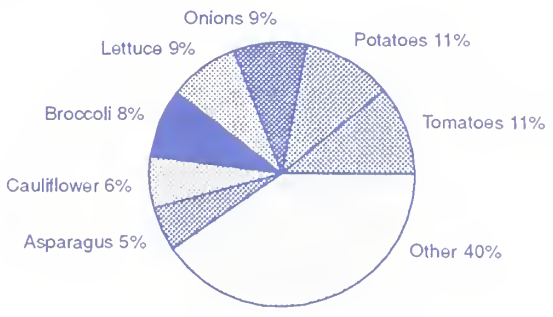
Opportunities for re-export from Hong Kong into China are currently limited to the expanding hotel trade due to rigid Chinese import restrictions. Actually, Hong Kong sources approximately 93 percent of its vegetables from China. Fortunately for U.S. producers, many of these vegetables are traditional Chinese varieties not produced in the United States. However, China is increasingly becoming a competitor for U.S. vegetables, with increased production of potatoes, lettuce, and tomatoes. The greatest limitations to Chinese vegetable exports remain the country's severe infrastructure problems which inhibit inland transportation and the industry's lack of quality control and consistent supply. However, the quality gap is likely to continue to narrow as Chinese producers gain access to better production and transportation technologies.

Greater Variety of U.S. Fresh Vegetables Selling Overseas

Broccoli and Cauliflower are Among the Fastest Growing



Note 1994 projection based on current trend analysis



Share of Total Fresh Vegetable Exports
(Jan-Sep 1994)

Given the widespread popularity of some U.S. fresh fruits in China, sales prospects potentially could exist for U.S. vegetables, in spite of the fact that China is a growing competitor. The greatest potential would lie in the Chinese coastal cities of Shanghai, Guangzhou, Dalian, and Tianjin. Despite the difference in distance, it takes roughly the same amount of time for product to reach these markets by ship from California as it does by land from China's interior provinces because of the country's poor infrastructure.

U.S. fresh vegetable exports to Taiwan are on pace to pass last year's $7.2 million record. While onion sales are flat this year, a record $1.3 million in lettuce exports is 18 percent ahead of 1993's nine-month figures. Celery sales of $1.5 million are up from last year as well. In general, imported vegetables have a better quality image among Taiwan consumers than locally grown produce. This perception is based on past use of agricultural chemicals by local farmers which has made consumers highly sensitive to food safety.

"In general, imported vegetables have a better quality image among Taiwan consumers than locally grown produce."

U.S. fresh vegetable exports to Singapore are 30 percent ahead of last year's record-setting pace. Sales could reach $3.6 million in 1994 if current trends continue. Lettuce, celery, and asparagus have driven much of the growth, and changing consumer attitudes could fuel more demand. According to *Asian Retailer*, wet markets are quickly being replaced by western-style supermarkets as a source of fresh produce in Singapore. Compared to the wet market, supermarkets are usually more dependent on imports because of their need for consistent, dependable supplies in large volumes.

Although imports of most horticultural products are restricted in South Korea, unexpected bad weather in that market turned into an $8 million opportunity for U.S. fresh onion producers this year. According to the U.S. Agricultural Trade Officer in Seoul, imports were allowed in through a Korean government purchasing agency to avoid any effect of higher domestic onion prices on the Consumer Price Index, a measure of the country's competitiveness. While the majority of imports have been sourced from the United States so far, the window is expected to be short-lived.

Ripening of the Mexican Market

Fresh vegetable exports to Mexico are likely to reach a new record of $41 million in 1994, if the rate of growth for the first nine months continues. Sales have been driven this year by lettuce, onions, garlic, potatoes, and tomatoes. However, according to the U.S. Agricultural Trade Office in Mexico City, lettuce, tomatoes, and potatoes offer the most potential for long-run sales.

Lettuce shipments increased sixfold between 1989 and 1993, and sales could reach a record $9 million this year if the current 40-percent growth rate continues. Imported lettuce is preferred over domestically-produced product among higher income segments because of fears of the presence of bacteria and chemical residues. U.S. tomato sales have grown from less than $500,000 just five years ago to more than $10 million in 1993 due to poor weather conditions in Mexico during that period. U.S. potato exports have more than doubled over the last five years. Double-digit growth so far this year could push sales near $8 million.

Although Mexico is an international competitor in fresh vegetables for the United States, both countries enjoy counter-seasonal opportunities. Mexico enjoys some climatic advantages over U.S. production in the winter and early spring months. For example, Mexico is able to supply asparagus to both the U.S. and Japanese markets during the late winter with its cool season crop. At the same time, a number of cool weather vegetables such as lettuce, broccoli, cauliflower, and asparagus are produced in the United States when it is too hot for Mexican production.

Most of the upscale supermarkets in Mexico sell imported fresh vegetables. However, since none of the major chains import vegetables directly, U.S. exporters must work with importers and distributors. Nearly all produce sold in Mexico moves through a central wholesale market located in each city, known as the Central de Abastos. The largest central wholesale market in the world is said to be in Mexico City. Direct purchases by supermarkets are expected to increase over the next few years.

NAFTA will eventually open the market for all U.S. fresh vegetables even wider. The agreement was designed to allow producers of competitive vegetables time to adjust to the new trading environment. Thus, safeguards were put on a number of import sensitive vegetable items which are to be phased-out over the next 10-15 years.

The Swiss Asparagus Market Turns Green

Switzerland has emerged as the eighth largest market for U.S. fresh vegetables. Exports are already at a record $8.8 million so far this year. This is more than twice the level of five years ago, mostly due to the growth of asparagus sales. Switzerland, as the rest of

U.S. Vegetable Trends Going Global?

Changes in vegetable marketing in the United States over the last two decades, such as the introduction of salad bars and precut produce, have been linked to concern for healthier diets and faster-paced lifestyles. The U.S. vegetable industry stands to benefit as similar health and convenience trends begin to spread globally. These trends have already spread to Canada and Mexico. For example, Fresh Express has done well in both markets, particularly Canada, with its packaged salads and salad kits.

There appears to be vast untapped potential in Asia in light of more working women and the growth of the middle class. But the spread of U.S. trends is taking place much more slowly and involves a fusion of Asian and Western styles. Most vegetables, even lettuce, have traditionally been cooked in Asia for sanitary reasons. However, this is beginning to change with the introduction of western fast food restaurants which use fresh vegetables in their menu items. Some western chains in Asia already offer entree salads, but only a few have salad bars. Pizza Hut is one example. The salad typically eaten in Japan is somewhat different from the U.S. style. It consists of some shredded cabbage or lettuce, a quarter tomato, some mayonnaise, and a sprinkling of sweet corn. It is served in Japanese coffee shops and hotels, and is often eaten for breakfast with toast.

Precut produce has little presence in Asia at this time, although peeled baby carrots from the U.S. and shredded cabbage are available in Japan. Big sellers in the United States such as broccoli florettes and packaged salads have not yet arrived in Asia. The biggest limiting factor for shipping packaged salads from the United States is shelf life. Most have a 14-day shelf life which completely expires during ocean transportation, and air freight is too costly. One industry source anticipates partnerships between U.S. and Japanese companies to process the lettuce overseas as a more viable option.

While it is premature to suggest salad bars will soon be springing up across Asia, longer-term prospects are there. According Jon Jenni, U.S. Agricultural Attache in Tokyo, "Japanese produce marketing is where the U.S. was in the mid 1970s." If a 20-year diffusion lag does exist, sneeze guards are coming.

Europe, is traditionally a white asparagus market. However, the green variety of asparagus from the United States has been growing in popularity. Recent U.S. marketing and promotional efforts have stressed its versatility and use in cooking traditional Swiss dishes. The main U.S. advantage in this market is the fact that the Swiss prefer a larger-stalked asparagus like that produced in the United States. Moreover, the Swiss are willing to pay a price premium for this product. However, despite Switzerland's relatively small domestic asparagus production, imports are subject to licensing restrictions.

Future growth for U.S. fresh vegetable exports is likely to rest on at least one of three factors: year-round access, quality, and/or convenience. Strategic planning as an industry should help also. According to *The Packer*, greater international focus was one of the main themes of the Produce Marketing Association's (PMA) annual convention held in San Antonio this past October, and an International Advisory Council to the PMA has already been formed to help identify new market opportunities.

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Trade Policy and Market Updates

Mexican Rice Market Likely to Remain Open to the United States

In late October, Mexico reportedly issued a verbal clarification indicating that recently announced phytosanitary regulations for imported rough rice will not be applied to the United States. If these regulations had been applied as written, the Mexican rice market would have been effectively closed to the United States. According to U.S. sources, the insects and diseases of quarantine concern to Mexico are not present in the United States or pose little or no danger to the Mexican rice industry. At about 200,000 tons, Mexico was the third largest market for U.S. rice in 1993/94 (July/August). The new phytosanitary regulations reportedly remain in effect for rice from other origins.

U.S. Corn Exports to South Korea on the Rebound

The United States accumulated 1.2 million tons in total commitments for corn sales to South Korea during the first 2 months of the U.S. corn marketing year (Sept/Aug). These sales are more than twice total U.S. exports to Korea for the previous marketing year and just under the combined total for the past two years of 1.4 million tons. This can be attributed to lower U.S. corn prices this year, reduced global supplies of feed wheat, and less competitive offers from China. Korea is expected to import a total of 7 million tons of corn in 1994/95, as opposed to 5.5 million tons last year.

Malaysia Cuts Tariffs on Horticultural Product Imports

For the second straight year, Malaysia has significantly reduced tariffs on a number of horticultural commodities of interest to U.S. exporters, according to the Agricultural Attache in Kuala Lumpur. The tariff cuts, which also affected selected other commodities, were part of the Malaysian government's CY 1995 budget package that took effect at the end of October. The Agricultural Attache's office and FAS/Washington had met with Malaysian government officials over the last year in support of lower duties for several of these items. Among the key reductions, the duty on citrus was reduced from 20 percent to 10 percent, putting that commodity on a par with other fresh fruits. Duties on all dried fruit will now be 10 percent also. Duties on tree nuts (including almonds and pistachios), generally in the range of 5-10 percent, were eliminated. The tariff on canned fruit was cut from 30 percent to 20 percent. The U.S. government has been seeking the elimination of the preferential duty rate on canned fruit which Malaysia provides to Australia and New Zealand. While the October 28 reduction did not eliminate the preference entirely, it did result in a narrowing of the gap (15 percent vs. 20 percent).

Officially, direct U.S. exports of horticultural products to Malaysia totaled about $58 million in CY 1993 -- a doubling over four years. However, actual exports to Malaysia, especially high value consumer products, are undercounted because of transshipment through duty-free Singapore. While these tariff reductions are touted as anti-inflationary measures, the changes also could boost direct shipments from other countries to Malaysia's expanding ports. Malaysia's large middle class and booming economy make it a major growth market for U.S. consumer products.

Anti-Dumping Duty Maintained on Chinese Garlic Imports

The International Trade Commission (ITC) confirmed in late October its earlier preliminary determination of 376.67 percent as the anti-dumping duty margin levied on imports of garlic from China. The Commission found that Chinese garlic was being sold at less than fair value, causing material injury to U.S. garlic growers. U.S. importers say the size of the duty amounts to a complete embargo on Chinese garlic. Imports of Chinese garlic rose to 16,084 tons in October 1993-August 1994 from 9,051 tons in the year-earlier period.

...Trade Policy and Market Updates

Brazilian Orange Juice Production and Export Prospects Reduced

The longest drought in the state of Sao Paulo in over 30 years has adversely affected the orange harvest. The 1994 Sao Paulo orange harvest is forecast at 270-282 million boxes, 6-10 percent below the previous forecast. Brazil's total orange juice production forecast for MY 1994/95 subsequently has been reduced by 4 percent to 1.07 million tons (65 degrees brix). Although fewer oranges are expected to be processed, juice yields are forecast at a record level due to the dry weather. Brazil's total orange juice export forecast for MY 1994/95 has been reduced by 3 percent to 1.06 million tons. Brazil is the largest producer and exporter of orange juice, respectively accounting for more than half of world production and nearly 80 percent of world exports. Brazil is a major supplier of orange juice to the United States and a competitor. The United States is the world's second largest orange juice exporter. Although a large Florida orange harvest is forecast, the expected decreases in Brazilian orange juice output and exports have boosted world frozen concentrate orange juice prices slightly.

U.S. Not Likely to Benefit From Lower Brazilian Rice Tariffs

Even though Brazil recently lowered the non-MERCOSUL import tariff for rice from 15 to 10 percent, U.S. milled rice exports to Brazil are not expected to increase substantially. Of Brazil's 1994 rice import estimate of 850,000 tons, the United States is expected to ship about 250,000 tons. The majority of this is paddy rice, imported by Brazilian millers to more fully utilize milling capacity. Considering capacity constraints, it is unlikely that this demand will be affected significantly by the tariff change. At current price levels, any increase in milled imports of rice will likely be met by MERCOSUL countries, which receive preferential tariff treatment, or by Vietnam, whose prices are currently significantly below U.S. levels.

Hungary Increases Tariffs on Agricultural Products

The recovery of Hungary's agricultural production following several years of drought has spurred the recent adoption of highly protectionist policies to foster self-sufficiency. Substantial tariff increases were adopted that affect over 280 food and agricultural products, several of which are currently imported from the United States. A notable example is rice, which was imported duty-free but is now subject to a 99-percent tariff. Hungary has imported a total of 13,000 tons of U.S. rice thus far in 1994 under EEP, which represents significant growth over previous years. This newly-emerging U.S. rice market will likely be discouraged by the tariff change. The Government of Hungary maintains that the tariff increases are not counter to their Uruguay Round commitments.

Israel Agrees to Modify Import Requirements for Apples, Extend Opening to Pears

USDA and industry sources have successfully coordinated efforts in achieving major revisions to Israel's phytosanitary import requirements for apples, a development which opens a potentially significant new market for U.S. exporters. A sharp drop in domestic apple production, brought on by adverse weather conditions, has recently prompted the Government of Israel to modify its phytosanitary requirements to permit imports from other countries, including the United States. However, the original directive contained several trade-restrictive provisions. In an effort to address Israel's legitimate concerns through commercially viable procedures, APHIS, FAS, and the U.S. industry coordinated efforts in developing an alternative approach. During subsequent meetings held in Tel Aviv during the first week of November, Israel's quarantine officials agreed to the U.S.-proposed modifications. Trade sources in Israel report that the government may ultimately provide authorization to import up to 50,000 metric tons, and U.S. industry sources have confirmed the new market will provide much needed export opportunities for the bumper U.S. crop. Following resolution of the apple issue, Israeli officials agreed to a U.S. request to extend the entry requirements to pears, a move which opens a new potential outlet for U.S. exporters.

...Trade Policy and Market Updates

Guatemala Lowers Broiler Meat Import Barriers

Since late October, when various barriers limiting imports expired, broiler meat imports into Guatemala have faced only a 20-percent tariff. These barriers, erected in late 1992, had included a 300-ton tariff rate quota and 45-percent import duty, as well as use of a formula that had arbitrarily assigned a value of 56 cents per pound (instead of the actual declared value) to imported broiler meat for tariff calculation purposes. As a result of the elimination of the import barriers, prices for both imported and domestically produced broiler meat in Guatemala have begun to come down. While this is popular with consumers, producer protests may again bring pressure on the government to reimpose barriers to imports, as occurred in 1992. According to Guatemalan data, broiler meat imports from the United States peaked at $9.3 million in 1992, but have since declined due to the import barriers.

Imports of Subsidized French Flour by Gaza and Jericho Could Disrupt U.S. Wheat Market in Israel

Gaza and Jericho, previously dependent on Israel for flour supplies, have reportedly purchased 5,000 tons of French flour under recently attained import authority. The flour sold at $156 per ton c&f, for a subsidy of about $144 per ton. Israeli authorities are concerned that subsidized sales may disrupt the Israeli market, where flour prices are an estimated $94 per ton higher. Wheat imports from the U.S. could suffer as a result. Until 1993/94, Israeli wheat imports, averaging 900,000 tons annually in recent years, had been exclusively from the U.S. at full market prices. However, imports of 350,000 tons of subsidized EU wheat were permitted last year due to extraordinary import needs. Since Israel cannot prevent flour from the autonomous areas from being supplied to Israeli bakers, annual Israeli wheat imports could be reduced due to the likely flow of subsidized flour from the neighboring regions.

U.S. Exports of Agricultural, Fish & Wood Products to All Countries

Calendar Years 1989 to 1994 and Year–to–Date Comparisons
(Thousands of Dollars)

Product	Calendar Years 1989	1990	1991	1992	1993	January–September 1993	1994	% Chg
Bulk Agricultural Total	22,613,257	20,232,083	18,346,386	19,687,248	16,593,458	13,366,424	12,761,707	–4.7
Wheat	5,886,505	3,839,037	3,292,138	4,449,324	4,664,582	3,491,660	2,852,614	–16.3
Coarse Grains	7,738,137	7,036,717	5,722,597	5,736,599	5,000,598	3,587,534	3,155,461	–12.0
Rice	971,123	601,527	753,557	728,072	771,312	582,895	862,257	21.2
Soybeans	3,942,466	3,549,506	3,956,443	4,380,402	4,598,748	3,109,443	2,671,830	–14.1
Cotton	2,268,501	2,796,495	2,491,999	2,010,336	1,540,876	1,156,240	1,921,936	66.2
Tobacco	1,301,173	1,441,118	1,427,631	1,650,559 *	1,306,087	965,331	939,448	–4.7
Pulses	298,404	353,111	288,414	191,658	213,254	142,326	164,380	29.5
Peanuts	192,670	203,373	160,304	240,308	204,576	141,136	106,925	–24.2
Other Bulk Commodities	214,275	209,199	255,304	301,989	293,645	212,036	246,636	16.4
Intermediate Agricultural Total	8,645,875	8,573,907	8,769,224	9,231,134 *	6,973,468	6,471,217	6,837,627	5.7
Wheat Flour	257,937	182,956	184,256	164,317	205,729	166,746	162,939	–2.3
Soybean Meal	1,212,295	1,005,103	1,155,307	1,294,722	1,132,041	602,003	883,205	–14.8
Soybean Oil	358,723	312,930	222,128	376,202	363,897	238,203	305,136	29.2
Other Vegetable Oils	423,994	394,790	416,144	502,732	543,897 *	381,265	445,317	16.6
Feeds & Fodders (excl. pet foods)	1,596,995	1,572,369	1,605,732	1,722,327	1,744,163 *	1,290,379	1,265,097	–2.0
Live Animals	490,501	513,763	666,583 *	607,691	518,927	300,716	370,263	23.1
Hides & Skins	1,696,164	1,729,731	1,357,570	1,326,054	1,266,656	967,061	1,121,257	15.9
Animal Fats	510,153	426,729	426,824	515,214	501,702	360,616	395,710	9.7
Planting Seeds	510,214	566,723	671,655	675,011 *	619,359	437,535	433,399	–0.9
Sugars, Sweeteners & Bever. Bases	409,198	572,052	634,101	573,921	567,607	406,659	477,418	17.3
Other Intermediate Products	1,179,702	1,272,743	1,426,946	1,452,744	1,507,288 *	1,121,612	1,177,665	5.0
Consumer–Oriented Agricultural Total	6,379,769	10,465,615	11,967,920	13,895,994	14,911,316 *	10,787,707	12,043,780	11.8
Snack Foods (excluding nuts)	364,429	530,125	633,040	629,679	1,024,643 *	701,530	776,652	10.7
Breakfast Cereals & Pancake Mix	91,861	157,662	218,802	219,762	252,993 *	184,702	216,708	17.3
Red Meats, Chilled/Frozen	2,213,802	2,394,495	2,660,267	3,112,381 *	3,055,222	2,295,711	2,434,059	6.0
Red Meats, Prepared/Preserved	100,638	135,998	165,101	161,562	220,036 *	145,616	174,276	19.7
Poultry Meat	509,426	872,666	617,913	928,464	1,100,613 *	757,536	1,077,256	42.2
Dairy Products	430,741	326,053	462,956	793,754	657,467 *	625,391	551,720	–11.8
Eggs & Products	90,665	101,979	143,367	139,234	139,436	100,739	116,758	17.9
Fresh Fruit	1,134,657	1,486,469	1,561,053	1,683,344	1,707,147 *	1,274,902	1,466,619	15.2
Fresh Vegetables	358,015	728,848	832,935	899,624	965,953 *	762,310	745,022	–2.3
Processed Fruit & Vegetables	1,003,618	1,248,753	1,394,490	1,558,121	1,639,583 *	1,197,236	1,223,454	2.2
Fruit & Vegetable Juices	291,248	375,497	365,414	461,017	469,517 *	365,125	411,703	12.6
Tree Nuts	663,332	601,120	667,704	926,531	996,248 *	576,147	703,937	21.6
Wine and Beer	206,095	266,202	315,758	369,181	379,301	292,796	395,240 *	35.0
Nursery Products & Cut Flowers	104,667	186,741	201,442	201,321	209,397 *	184,636	147,100	–10.7
Pet Foods, Dog/Cat	175,539	244,038	329,772	399,630	497,621 *	355,077	416,009	17.2
Other Consumer–Oriented Products	822,997	808,708	979,907	1,190,410	1,374,116 *	986,251	1,183,064	20.0
Wood Products Total	6,013,514	8,481,227	8,429,179	8,741,885	7,281,313 *	5,567,959	5,232,928	–6.0
Logs	2,368,026	2,386,921	2,074,432	2,140,010	2,489,560 *	1,967,122	1,692,559	–14.0
Lumber	2,040,251	2,127,895	2,203,353	2,322,491	2,449,843 *	1,872,841	1,831,326	–2.2
Plywood & Panel Products	842,703	769,983	735,227	847,887	908,397 *	667,965	684,957	2.5
Other Wood Products	962,534	1,194,428	1,416,167	1,431,317	1,435,714 *	1,060,030	1,024,064	–3.4
Fish & Seafood Products Total (Edible)	2,283,151	2,776,759	3,035,383	3,353,935 *	2,959,066	2,387,241	2,340,316	–2.0
Salmon, Whole/Eviscerated	729,294	666,562	436,975	661,663	563,060	535,015	476,937	–10.5
Salmon, Canned	89,744	104,276	133,644	154,401	160,416 *	119,562	96,990	–18.9
Crab & Crabmeat	253,874	363,251	431,411	448,050 *	417,660	312,606	268,119	–14.2
Surimi (fish paste)	N/A	N/A	N/A	367,627 *	274,322	203,261	238,308	17.2
Roe & Urchin	263,248	269,458	389,031	421,396 *	415,319	336,316	329,596	–2.0
Other Edible Fish & Seafood Products	947,192	1,353,193	1,644,322 *	1,280,798	1,106,309	660,461	926,367	5.4
Agricultural Product Total	39,638,921	39,271,605	39,105,530	42,614,376	42,476,240	30,847,348	31,643,114	3.2
Agricultural, Fish & Wood Product Total	48,135,586	46,529,591	46,570,092	52,909,996 *	52,718,639	38,602,548	39,216,358	1.6

Note: (*) Highest export level since at least 1970.
N/A = not available.
Source: Trade & Marketing Analysis Branch, TEAD/ITP/FAS

U.S. Agricultural, Fish & Wood Product Exports by Major Commodity Group

Monthly and Annual Performance Indicators

Export Values	September 1993	September 1994	Chg	FY '93	FY '94	Chg	Fiscal Year 1994	Fiscal Year 1995 f	Chg
	−$Billion−			−$Billion−			−$Billion−		
Grains and Feeds 1/	1.156	1.138	−2%	14.332	13.413	−6%	13.413	13.6	1%
Wheat & Flour	0.373	0.406	9%	4.954	4.228	−15%	4.228	4.6	9%
Rice	0.066	0.053	−20%	0.768	0.891	16%	0.891	0.8	−10%
Coarse Grains 2/	0.420	0.362	−14%	5.094	4.569	−10%	4.569	4.9	7%
Corn	0.376	0.295	−21%	4.251	3.817	−10%	3.817	4.2	10%
Feeds & Fodders	0.183	0.171	−6%	2.196	2.277	4%	2.277	2.0	−12%
Oilseeds and Products	0.404	0.510	26%	7.371	6.975	−5%	6.975	7.2	3%
Soybeans	0.209	0.262	25%	4.606	4.161	−10%	4.161	4.3	3%
Soybean Cakes & Meals	0.073	0.055	−24%	1.146	1.013	−12%	1.013	0.9	−11%
Soybean Oil	0.024	0.070	196%	0.327	0.433	32%	0.433	0.5	16%
Other Vegetable Oils	0.039	0.063	63%	0.496	0.608	23%	0.608	NA	NA
Livestock Products	0.481	0.608	26%	5.886	6.320	7%	6.320	6.5	3%
Red Meats	0.260	0.321	23%	3.052	3.206	5%	3.206	3.4	6%
Hides, Skins & Furs	0.106	0.137	29%	1.271	1.423	12%	1.423	1.5	5%
Poultry Products	0.118	0.161	36%	1.315	1.720	31%	1.720	1.8	5%
Poultry Meat	0.090	0.132	46%	0.994	1.383	39%	1.383	NA	NA
Dairy Products	0.089	0.061	−31%	0.891	0.832	−7%	0.832	0.8	−4%
Unmanufactured Tobacco	0.064	0.057	−11%	1.443	1.260	−13%	1.260	1.3	3%
Cotton and Linters	0.075	0.117	56%	1.538	2.306	50%	2.306	2.5	8%
Planting Seeds	0.048	0.040	−17%	0.664	0.619	−7%	0.619	0.6	−3%
Horticultural Products	0.609	0.713	17%	7.299	8.098	11%	8.098	8.6	6%
Sugar & Tropical Products	0.169	0.153	−9%	1.715	1.928	12%	1.928	2.1	9%
Wood Products 4/	0.552	0.610	10%	7.293	6.946	−5%	6.946	NA	NA
Fish and Seafood Products 4/	0.264	0.317	20%	2.928	2.912	−1%	2.912	NA	NA
Total Agriculture	3.211	3.558	11%	42.454	43.474	2%	43.474	45.0	4%
Total Ag., Fish & Wood	4.026	4.485	11%	52.675	53.333	1%	53.333	NA	NA

Export Volumes	September 1993	September 1994	Chg	FY '93	FY '94	Chg	Fiscal Year 1994	Fiscal Year 1995 f	Chg
	−−MMT−−			−−MMT−−			−−MMT−−		
Grains and Feeds 1/	8.279	8.016	−3%	104.149	88.581	−15%	88.581	NA	NA
Wheat	2.846	3.199	12%	36.081	31.132	−14%	31.132	32.0	3%
Wheat Flour	0.071	0.065	−8%	1.067	1.037	−3%	1.037	1.0	−4%
Rice	0.263	0.176	−33%	2.713	2.438	−10%	2.438	2.7	11%
Coarse Grains 2/	3.954	3.602	−9%	50.100	39.845	−20%	39.845	48.4	21%
Corn	3.522	2.930	−17%	41.766	33.057	−21%	33.057	41.5	26%
Feeds & Fodders	0.942	0.758	−20%	11.885	11.797	−1%	11.797	12.2	3%
Oilseeds and Products	1.376	1.749	27%	29.408	24.154	−18%	24.154	29.9	24%
Soybeans	0.818	1.150	41%	20.400	16.364	−20%	16.364	21.0	28%
Soybean Cakes & Meals	0.317	0.286	−10%	5.653	4.859	−14%	4.859	5.4	11%
Soybean Oil	0.045	0.115	155%	0.644	0.694	8%	0.694	0.8	15%
Other Vegetable Oils	0.059	0.095	61%	0.824	0.849	3%	0.849	NA	NA
Livestock Products 3/	0.211	0.281	34%	2.811	2.957	5%	2.957	NA	NA
Red Meats	0.076	0.102	34%	0.903	1.025	14%	1.025	1.1	7%
Poultry Products 3/	0.095	0.136	43%	1.012	1.405	39%	1.405	NA	NA
Poultry Meat	0.092	0.133	45%	0.974	1.364	40%	1.364	1.5	10%
Dairy Products 3/	0.044	0.046	2%	0.399	0.467	17%	0.467	NA	NA
Unmanufactured Tobacco	0.010	0.008	−13%	0.231	0.196	−15%	0.196	NA	NA
Cotton & Linters	0.058	0.077	33%	1.163	1.639	41%	1.639	1.6	−2%
Planting Seeds	0.025	0.030	17%	0.556	0.498	−10%	0.498	NA	NA
Horticultural Products 3/	0.522	0.607	16%	6.188	6.826	10%	6.826	7.4	8%
Sugar & Tropical Products 3/	0.107	0.094	−12%	1.102	0.910	−17%	0.910	NA	NA
Total Agriculture 3/	10.726	11.044	3%	146.433	127.414	−13%	127.414	144.1	13%

Notes: 1/ Includes pulses, corn gluten feed and meal; 2/ includes corn, oats, barley, rye and sorghum;
3/ includes only those items measured in metric tons; 4/ items not included in agricultural product totals.
FY 1995 forecasts (f) are based on USDA's "Outlook for Agricultural Exports," published November 29, 1994.

U.S. Agricultural Export Value by Region

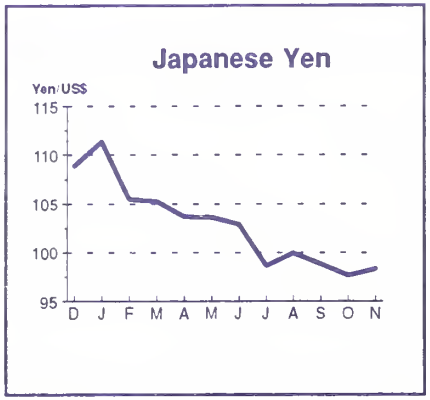
Monthly and Annual Performance Indicators

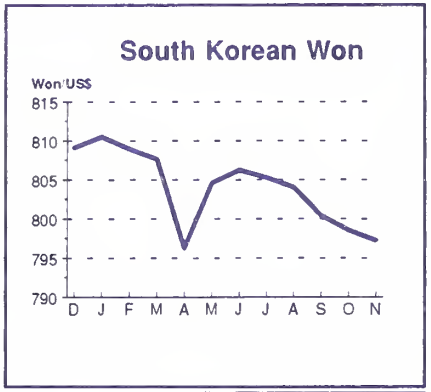
	September			October–September			Fiscal Year		
	1993	1994		FY '93	FY '94		1994	1995 f	
	–$Billion–		Change	–$Billion–		Change	–$Billion–		Change
Western Europe	0.400	0.524	31%	7.439	7.013	−6%	7.013	7.3	4%
European Union 1/	0.357	0.472	32%	6.964	6.497	−7%	6.497	6.8	5%
Other Western Europe	0.043	0.053	21%	0.475	0.516	9%	0.516	0.5	−3%
Central & Eastern Europe	0.030	0.020	−33%	0.465	0.311	−33%	0.311	0.4	29%
Former Soviet Union	0.078	0.101	29%	1.435	1.474	3%	1.474	1.5	2%
Asia	1.349	1.371	2%	15.866	17.671	11%	17.671	18.4	4%
Japan	0.716	0.674	−6%	8.430	9.193	9%	9.193	9.2	0%
China	0.011	0.094	755%	0.317	0.877	177%	0.877	1.1	25%
Other East Asia	0.433	0.434	0%	4.932	5.261	7%	5.261	5.6	6%
Taiwan	0.186	0.153	−18%	1.998	2.103	5%	2.103	2.2	5%
South Korea	0.174	0.174	−0%	2.041	2.055	1%	2.055	2.2	7%
Hong Kong	0.073	0.107	46%	0.878	1.101	25%	1.101	1.2	9%
Other Asia	0.188	0.169	−10%	2.187	2.340	7%	2.340	2.5	7%
Pakistan	0.046	0.007	−86%	0.236	0.212	−10%	0.212	0.2	−6%
Philippines	0.037	0.045	22%	0.511	0.554	8%	0.554	0.6	8%
Middle East	0.152	0.131	−14%	1.856	1.650	−11%	1.650	1.7	3%
Israel	0.029	0.016	−43%	0.363	0.346	−4%	0.346	0.4	16%
Saudi Arabia	0.028	0.036	27%	0.429	0.470	10%	0.470	0.5	6%
Africa	0.168	0.193	15%	2.593	2.159	−17%	2.159	2.2	2%
North Africa	0.126	0.119	−5%	1.587	1.438	−9%	1.438	1.5	4%
Egypt	0.040	0.067	66%	0.727	0.598	−18%	0.598	0.8	34%
Algeria	0.042	0.037	−12%	0.428	0.592	38%	0.592	0.6	1%
Sub–Saharan Africa	0.042	0.074	76%	1.006	0.721	−28%	0.721	0.7	−3%
Latin America	0.545	0.715	31%	6.813	7.228	6%	7.228	7.6	5%
Mexico	0.250	0.439	76%	3.621	4.126	14%	4.126	4.4	7%
Other Latin America	0.295	0.275	−7%	3.192	3.103	−3%	3.103	3.2	3%
Brazil	0.017	0.030	76%	0.231	0.227	−2%	0.227	0.4	76%
Venezuela	0.044	0.024	−45%	0.498	0.401	−19%	0.401	0.4	−0%
Canada	0.416	0.441	6%	5.202	5.248	1%	5.248	5.4	3%
Oceania	0.046	0.040	−14%	0.453	0.497	10%	0.497	0.5	1%
World Total	3.211	3.558	11%	42.454	43.474	2%	43.474	45.0	4%

Note: 1/ Formerly known as the European Community (EC–12).

FY 1995 forecasts (f) are based on USDA's "Outlook for U.S. Agricultural Exports," published November 29, 1994.

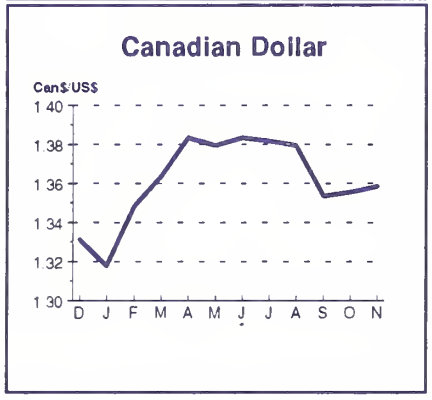
Exchange Rate Movements Of Major World Currencies
Vis-a-Vis U.S. Dollar -- Daily Spot Quotations & Monthly Averages

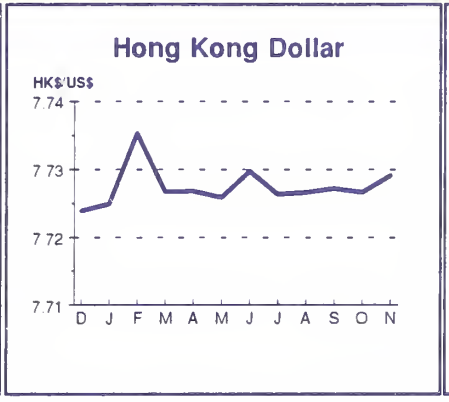


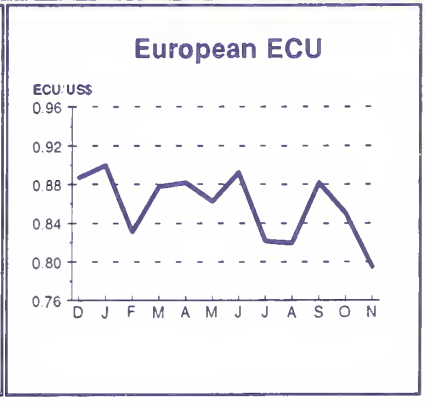


Currencies	Current Rate 11/14/94	Month Ago 10/14/94	Year Ago 11/93	% Change Year Ago 11/93
Argentine Peso	.99	.99	.99	0.00
Australian Dollar	1.3316	1.3571	1.5221	-12.52
Brazilian Cruzeiro real	.83	.84	.73	13.70
Canadian Dollar	1.3583	1.3531	1.3341	2.92
Hong Kong Dollar	7.7290	7.7271	7.7336	-0.05
Japanese Yen	98.30	98.78	106.01	-7.92
Mexican Peso	3.4465	3.4198	3.1175	7.20
Taiwan Dollar	26.20	26.13	26.87	-2.46
South Korean Won	797.20	800.12	808.80	-1.08
European ECU	.85091	.79189	.86059	-3.60
-British Pound	.6303	.6208	.6683	-6.15
-French Franc	5.3115	5.1363	5.6975	-9.61
-German Mark	1.5448	1.5097	1.6320	-8.71

NOTE: Exchange rates are daily spot quotes as of 3:00 PM Eastern Time, November 14, 1994.
Source: TEAD/ITP/FAS Exchange Rate Database and Wall Street Journal.







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(January 1992 — December 1994)

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(*) Snapshots – shorter versions of spotlight articles.

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